

**ONE HUNDRED FIRST LEGISLATURE - SECOND SESSION - 2010**  
**COMMITTEE STATEMENT**  
**LB1014**

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**Hearing Date:** Monday February 08, 2010  
**Committee On:** Education  
**Introducer:** Haar  
**One Liner:** Create the Teacher Performance Pay Fund and provide for additional public teacher pay

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**Roll Call Vote - Final Committee Action:**  
Advanced to General File with amendment(s)

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**Vote Results:**  
**Aye:** 8 Senators Adams, Ashford, Avery, Cornett, Giese, Haar, Howard, Sullivan  
**Nay:**  
**Absent:**  
**Present Not Voting:**

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<b>Proponents:</b> Senator Ken Haar Jess Wolf John Bonaiuto Russ Inbody Renee Jacobson	<b>Representing:</b> Introducer Nebraska State Educators Association Nebraska Association of School Boards Nebraska Department of Education Papillion-LaVista School District
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<b>Opponents:</b>	<b>Representing:</b>
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<b>Neutral:</b>	<b>Representing:</b>
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**Summary of purpose and/or changes:**

Legislative Bill 1014 would create the Teacher Performance Pay Fund. Net income from the fund would be apportioned to each school district beginning in February 2016 and annually thereafter based on the number of children aged 5 through 18 residing in the district. Districts would be required to use such funds for teacher performance pay. Income into the Teacher Performance Pay Fund would be derived from wind and solar leases authorized on school land, as well as any rental income related to carbon sequestration rights.

Section 1 creates the Teacher Performance Pay Fund. The Board of Educational Lands and Funds would be required to remit the rental income from solar and wind leases on school lands to the State Treasurer for credit to the fund. The Board of Educational Lands and Funds would also be required to remit the portion of the rental income from other leases of school lands which relates to carbon sequestration rights, as such portion is determined by the board, to the State Treasurer for credit to the fund. The fund would be exclusively used for the support and maintenance of the common schools in each public school district in the state by increasing public school teacher salaries to provide for a higher quality of education. The costs of administration would be deducted from the fund in the manner provided in section 72-232.02. Any money in the fund available for investment would be invested by the state investment officer pursuant to the Nebraska Capital Expansion Act and the Nebraska State Funds Investment Act.

Section 2 sets forth provisions for the apportionment of funds in the Teacher Performance Pay Fund to school districts and requirements for the use of such funds. Beginning January 15, 2016, and each January 15 thereafter, the State

Treasurer would be required to make a complete exhibit of all money belonging to the Teacher Performance Pay Fund and deliver such exhibit duly certified to the Commissioner of Education. On or before February 25, the Commissioner of Education would make the apportionment of such funds to each school district according to the pro rata enumeration of children who are five through eighteen years of age in each district last returned from the school district. The calculation of apportionment for each school fiscal year must include any corrections to the prior school fiscal year's apportionment.

The Commissioner of Education would be required to certify the amount of the apportionment of the Teacher Performance Pay Fund to the Director of Administrative Services. The Director of Administrative Services would draw a warrant on the State Treasurer in favor of the various districts for the respective amounts so certified by the Commissioner of Education.

Each school district would be required to use the funds received from the Teacher Performance Pay Fund for teacher performance pay. For purposes of the section, teacher performance would mean a systematic process for measuring teachers' performance and linking the measurements to changes in teacher pay. Indicators of teacher performance may include, but are not limited to, improving professional skills and knowledge, classroom performance or instructional behavior, and instructional outcomes. The teacher performance pay may include predetermined bonus amounts and payout criteria. Additional pay may be provided in addition to the salary schedule for new skills and knowledge acquired through graduate education programs, with demonstrated performance mastery. The salary schedule provided in local collective bargaining agreements must remain intact in teacher performance pay systems. The section contains language stating that the Legislature finds that teacher performance pay measurements, criteria, and payout amounts define economic terms and conditions of employment and, therefore, are subjects of collective bargaining.

Section 3 amends section 79-1035.02 to exclude net income derived from solar and wind leases on school lands and from carbon sequestration rights related to other leases of school lands from the temporary school fund.

Section 4 repeals the original section.

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**Explanation of amendments:**

The committee amendment strikes the original sections and becomes the bill. The amendment retains provisions of the original bill while adding sections to integrate receipts from the Teacher Performance Pay Fund into the calculation of state aid and incorporating certain technical changes. With regard to the calculation of state aid, the amendment: (1) adds receipts from the Teacher Performance Pay Fund to the special receipts allowance provided in section 79-1007.13; (2) amends section 79-1018.01 to explicitly include receipts from the Teacher Performance Pay Fund in the definition of local formula receipts; and (3) amends section 79-1028.01 to provide a budget limitation exception for receipts from the Teacher Performance Pay Fund for school fiscal years 2016-17 and 2017-18. Section 79-1028.01 is also realigned to more clearly list ongoing budget exceptions that were initiated in different school years.

The committee amendment also makes changes to harmonize language in the original bill with existing provisions of law that enable the Board of Educational Lands and Funds to authorize leases involving the production of wind or solar energy.

The committee amendment also changes the date on or before which the State Treasurer would be required to make a complete exhibit of money belonging to the Teacher Performance Pay Fund for years after 2016. The bill originally required such exhibit to be prepared on or before January 15 of each year. While the January 15 date remains in place for the preparation of the initial exhibit in 2016, the amendment changes the date to the third Monday in January for 2017 and each year thereafter. The third Monday in January is the same deadline provided for the exhibit of funds belonging to the temporary school fund and the permanent school fund.

